DOCUMENT RESUME

ED 310 209 UD 026 949

TITLE	The Common Good: Social Welfare and the American Future. Policy Recommendations of the Executive Panel. Executive Summary.
INSTITUTION	Ford Foundation, New York, N.Y.
PUB DATE	May 89
NOTE	13p.; For complete final report, see UD 026 948.
AVAILABLE FROM	Ford Foundation, Office of Communications, 320 East 43rd Street, New York, 10017 (free).
PUB TYPE	Reports - Evaluative/Feasibility (142)
EDRS PRICE	MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Economically Disadvantaged; Economic Opportunities; *Federal Legislation; *Government Role; Older Adults; *Policy Formation; Poverty; *Program Improvement; *Social Action; *Welfare Services
IDENTIFIERS	*Social Security

ABSTRACT

Findings and recommendations of the Executive Panel of the Ford Foundation Project on Social Welfare and the American Future are presented. The research was based on a comprehensive review of Americans' social welfare needs and of policy alternatives. The findings show that, although the present system was well conceived, it is now outdated and insufficient to meet the needs of millions of Americans. Thus, there is a growing social deficit, as shown by the large number of teen pregnancies, the high percentage of youth dropping out of school, the large numbers of people who lack health insurance, and the many elderly persons who must impoverish themselves to obtain long-term care. A comprehensive set of specific recommendations are made for infants, children, young adults, working persons, and the elderly. The establishment of a special trust fund for social services is advocated. The names of the members of the executive panel are listed, and information is given about how to obtain a copy of the complete final report. (VM)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED310209

THE COMMON GOOD

Social Welfare and the American Future

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☒ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL IN MICROFICHE ONLY HAS BEEN GRANTED BY

Carolee E Ilhis
Ford Foundation

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

Ford Foundation
Project on
Social Welfare
and the
American Future

Executive Summary

THE COMMON GOOD

Social Welfare and the American Future

The Common Good reports the findings and recommendations of the Executive Panel of the Ford Foundation Project on Social Welfare and the American Future. It is based on a comprehensive review of Americans' social welfare needs and of policy alternatives for the 1990s and into the next century. Moving beyond traditional program categories and political labels, the panel set out to examine the system as a whole. Instead of looking at individual social welfare programs in a fragmented way, the report analyzes interconnections between programs to develop better opportunities for individuals and provide them adequate protection.

A basic theme guiding much of the panel's work was the recognition that all Americans at one time or another have to rely upon our system of social welfare protections, beginning before birth with prenatal care and extending through the retirement years. The panel emphasized a life-cycle approach, acknowledging the interdependence of all age groups and that needs change during the course of a lifetime.

Major Findings

Although the social welfare system was essentially well conceived, many aspects are now outdated or insufficient to meet the challenges and needs of millions of Americans. The system leaves too many people dependent, vulnerable, and without security at critical points in their lives.

Wherever we look, there are signs that a growing social deficit—just as troubling as the national budget deficit—threatens us as a society. Manifestations of this social deficit include the large number of teenage pregnancies, the high percentage of youth dropping out of school, the more than 30 million Americans who lack health insurance coverage, and the many elderly Americans who must impoverish themselves to obtain long-term care. It is clear that we will pay a high cost in the future if we do not take steps now to reverse this social deficit.

The Common Good offers a comprehensive set of specific recommendations that together would constitute a thorough overhaul of social policy in America. Despite the enormity of the challenge, the panel believes its recommendations are realistic. Although many are aimed at the Federal government, the panel recognizes the limitations on government spending in future years. The panel repeatedly emphasizes the need for a mixture of public- (including Federal, state, and local governments) and private-sector involvement as well as individual responsibility.

Guiding Principles

In many ways, social welfare policy in the United States is an expression of common needs. Americans tend to believe that there are some levels of poverty below which people should not be allowed to fall. We traditionally favor providing equal opportunity for all people to seek a better life. We all, therefore, have an interest in effective social welfare policies.

Reducing vulnerability and enhancing opportunities are two sides of the same coin. Working at a good job with adequate pay and basic benefits enables people to be self-sufficient and allows them to earn protection against illness, disability, and temporary unemployment and to prepare for old age. It follows, then, that helping prepare people for work is in the short- and long-term interest of soci-

ety as a whole. The panel believes that the best social welfare policy combines individual opportunity and social protection. Social policies should aim at providing all Americans with opportunity and protection, but they must not overlook the importance of individual responsibility. Just as we all benefit, we are all expected to contribute to our own, our family's, and society's well-being.

The Common Good is organized according to the sequential phases of human life: infancy and childhood, young adulthood, the working years, and old age. Principal recommendations are highlighted below.

Infancy and Childhood: A Time to Sow

Nowhere is the social deficit taking its toll more painfully than in the lives of America's children. Approximately one in five children in the United States lives in poverty. Despite great strides in medical science, the United States still has one of the highest rates of low-birthweight infants (and infant mortality) in the developed world. Much of that is due to inadequate prenatal care. The choice is clear: We can pay a little now to try to prevent blighted childhoods or we can pay a lot later for their consequences.

In its review of programs for infants and children, the panel suggests reforms in prenatal care, preventive health care and nutrition, early childhood development, and family-support services. Calling for greater social investment in children at the earliest stages of life, the panel recommends an additional $7.2 billion in Federal support for programs such as Women, Infants, and Children (WIC), Head Start, Medicaid, and Chapter 1. Specifically, the report proposes that:

- All pregnant women have access to prenatal and well-baby clinics. Although the 1988 Medicare Catastrophic Illness legislation grants Medicaid coverage to all pregnant

women living in poverty and to poor children under one year of age, a major problem remains: coverage for poor children older than one year and poor adults who are screened out of Medicaid. The panel recommends an expansion of the Medicaid program to cover poor children and adults.

- Full funding and better management for the Women, Infants, and Children program, which provides screening, nutritional counseling, and food supplements for low-income pregnant women and for children up to age five who are diagnosed as being at nutritional risk.

- A major expansion of the Head Start program so that all poor three- and four-year-olds who are not now in the program can participate. (Only one in five poor children is currently enrolled in Head Start—primarily because of funding limitations.) At least one-half of the new slots should be full-day programs for children with working parents.

- Since existing tax credits for day-care expenses do little for working families near the poverty line, the Federal government should subsidize lower-income families by making the existing tax credit for day-care services refundable to families whose incomes are too low to permit taking a credit.

Young Adulthood: Preparing for a World of Work

The panel spent considerable time examining the growing problems of disadvantaged teens making the transition from school to work. The stakes are high: The United States has one of the highest teenage pregnancy rates in the developed world, and an increasing proportion of teenage mothers are becoming long-term welfare recipients. Moreover, approximately one in four American teenagers

leaves high school before receiving a diploma. Unless we invest in human capital with the same concern for long-range payoffs that venture capitalists bring to investments in new enterprises, our growing undereducated population of teenagers will soon become a growing underprepared work force.

Most of the recommended initiatives to ease the transition from school to work for poor adolescents and young adults do not rely heavily on Federal programs. The report does, however, urge that current Federal government spending for youth programs be sustained. To a large extent, this is an area in which state and local governments and the private sector are well positioned to take a leadership role.

Local communities are urged to take prime responsibility for designing and coordinating programs to prepare young people for the job market. Initiatives such as the Summer Training and Education Program (STEP), the Comprehensive Competencies Program (CCP), and Jobs for America's Graduates (JAG) illustrate some basic principles for success in this area. These principles include the use of schools to deliver integrated services, early detection and intervention, and private-sector involvement combined with adequate public-sector funding.

The Working Years: Increasing Economic Opportunity and Social Protection

The country needs a better system to provide working-age adults with more opportunities to earn a decent living. Just as society has a right to expect people to strive for self-sufficiency, society also has an obligation to help people become and remain job ready. Most Americans see employment as their best chance to improve their lives. They also accept the principle that those who can work should work. The panel subscribes to this belief as well, stressing that people who work full time should not live in poverty.

The report contains a wide range of proposals in this area. For example, the panel recommends:

- restoring the purchasing power of the Federal minimum wage to its 1981 level;
- expanding the earned income tax credit, and adjusting benefits to family size;
- blending private-sector initiatives and public-sector reform to achieve the national goal of universal health coverage for all Americans. It is estimated that between 31 million and 37 million Americans currently have no health insurance coverage. Employers would be required either to offer workers a basic package of health insurance or contribute an amount per employee to a public fund that would finance coverage for those not working and uninsured. The report also discusses changes in and expansion of Medicaid.

Major changes in Unemployment Insurance (UI) and Aid to Families with Dependent Children (AFDC) are also proposed:

- Lump-sum payments should be permitted to allow unemployed persons in declining labor markets to move to areas of more promising economic opportunity.
- The UI payment schedule should be high at first, then decline gradually to provide more incentive to return to work.
- AFDC should be overhauled to become a work-readiness and work-support program, with front-end investments in education and training to help people make the transition from welfare to work and limits on the length of time that welfare benefits can be received by those who can work. This should be coupled with the provision of a public-sector job for those who have exhausted their benefits but cannot find work.

The first year of fully implementing these programs to help working-age adults would require an increase of approximately $12 billion (including expanding the earned income tax credit; developing a national minimum benefit for AFDC and food stamps equal to two-thirds of the Federal poverty level; Medicaid expansion for adults; job-retraining programs; Unemployment Insurance reform; and a public-service jobs initiative).

Old Age: A Time to Reap and Sow Again

The United States needs a better system for meeting the vulnerabilities of old age. Although considerable progress has been made in improving the economic status of most elderly Americans, there is still a large group with little retirement income other than Social Security. Almost two-thirds of the 3.5 million elderly persons living in poverty are single women.

Simply put, some elderly Americans are not receiving enough help, while others are not contributing as much as they could. The disparities in old age between the haves and the have-nots are likely to grow in the years ahead. The panel therefore recommends a number of measures to improve basic income support for the impoverished elderly, including increasing Federal Supplemental Security Income (SSI) benefits to assure a decent living standard for those elderly without other sources of income. The projected increased cost of raising those benefits is $2.5 billion.

The panel also concluded there is something fundamentally wrong with a system that requires millions of people to impoverish themselves before obtaining decent care in their final years. Among the panel's recommendations are:

- public subsidies to encourage the spread of private long-term-care insurance;
- government support of a partial, phased-in long-term-care insurance program that would

be made available to families with unusually high expenses for chronic illness and disability. The estimated government cost of the effort is $7 billion.

A Fund for Social Investment

The panel fully appreciates the magnitude of the agenda it has proposed. Unless we deal with the social deficit as one nation and one people, however, we will face an unprecedented social and economic crisis. The panel believes the American people will unite behind the challenge, not only because all will ultimately benefit from it, but because it is the right thing to do.

We will all benefit from a stronger, improved social welfare policy. Each and every one of us has a stake in providing infants and young children with the physical and emotional nurturing they need to get a decent start in life—not only because it is right but because if we don't, the costs of illness, dependency, and crime may burden us for decades. We all have an interest in helping adolescents and young adults make the transition from school to productive jobs. We all have a stake in retraining workers left behind by a changing economy so that they are not condemned to unproductive and dependent lives. We all are reassured by providing protection against impoverishment for the infirm elderly.

The panel recognizes that both the public and private sectors will have to devote new resources to achieve the objectives it proposes. And it is reasonable and fair to ask those who are financially able to help share the cost of social reform. The panel therefore proposes that the American people establish a special new trust fund earmarked for making the social investments recommended in this report.

As a preferred means of paying for the Federal government's cost of fulfilling the recommendations, estimated to be approximately $29 billion a year, the panel further proposes that Social Security benefits be given the same Federal tax treatment as

private pensions. This would mean taxing Social Security benefits that exceed recipients' lifetime contributions. The panel believes that this step is fair because it would shield lower-income people from a greater burden, while raising substantial amounts of revenue from those who can better afford to contribute.

For a limited period of time, the revenues collected from this additional taxation would flow into the new trust fund earmarked for the social welfare needs of the entire nation. It is likely that by the end of a five-year phase-in period, the annual revenue gain from the proposal would be enough to meet a significant part of the cost of the panel's recommendations. After the social deficit is eliminated, the panel believes that the additional revenue from fully taxing social security benefits could be kept in the Social Security Trust Funds.

Conclusion

The Common Good does not purport to offer quick or painless solutions to the problems and failures of the nation's social welfare system. It does, however, provide the framework for a national discussion and the development of a consensus on how to bring that system into line with the changing needs of American society. The Executive Panel would welcome such a discussion.

Copies of the complete text of *The Common Good: Social Welfare and the American Future* are available without charge from:

Ford Foundation
Office of Communications
320 East 43 Street
New York, N.Y. 10017

Executive Panel
Ford Foundation Project on Social Welfare and the American Future

Irving S. Shapiro, Chairman
Skadden, Arps, Slate, Meagher & Flom
Wilmington, Delaware

Sol Chaikin
President Emeritus
International Ladies Garment Workers Union
New York, New York

James R. Ellis
Preston, Thorgrimson, Ellis & Holman
Seattle, Washington

Robert F. Erburu
Chairman and Chief Executive Officer
Times Mirror Company
Los Angeles, California

John H. Filer
Tyler Cooper & Alcorn
Hartford, Connecticut

Hanna H. Gray
President
University of Chicago
Chicago, Illinois

Albert O. Hirschman
Professor of Social Sciences
Institute for Advanced Study
Princeton, New Jersey

Vernon E. Jordan, Jr.
Akin, Gump, Strauss, Hauer & Feld
Washington, D.C.

Eleanor Holmes Norton
Professor of Law
Georgetown University Law Center
Georgetown University
Washington, D.C.

Henry B. Schacht
Chairman and Chief Executive Officer
Cummins Engine Company, Inc.
Columbus, Indiana

Mitchell Sviridoff
Director
Community Development Research Center
New York, New York

Charles V. Hamilton
Project Director
Wallace S. Sayre Professor of Government
Columbia University
New York, New York